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BULLETIN

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MILK PRODUCTION CONTINUES BELOW 1962 LEVEL

The Dairy Situation, Economic Research Service USDA, June 1963

During April and May, U. S. milk production continued to lag below a year earlier. April milk production of 11,149 million was 0.7 percent under April 1962, and May production was 12,295 million pounds, 1.1 percent below a year earlier. Cool dry weather in North Central and Northeastern States, Mid-Atlantic States, and the lower Mississippi Valley retarded pasture growth. Soaking rains in late May resulted in considerable pasture improvement in some States but was too late to improve May output. Prospects are that summer milk production may approximate that of last year.

In the South, severe winter weather damaged winter and early-spring pastures, thereby reducing roughage supplies, which at the beginning of 1963 were already about 10 percent below year-earlier levels because of last summer's drought. In the Northeast, where overall hay supplies this spring were short, the cool, late, and dry spring forced some farmers to use pasture early, and in some areas pastures are short. Reports are that the first cutting of hay was light. Continuation of dry weather could create a shortage of summer forage for dairy cows in parts of the Northeast and South, force dairy farmers into early supplemental feeding, reduce supplies for the 1963-64 winter

season, and induce extensive hard reductions.

Feeding of grain and concentrates to dairy cattle has continued to increase in early 1963 in most areas, averaging 8.9 pounds per day per cow in April and 7.2 pounds in June in crop reporters' herds, compared with 8.4 pounds and 6.8 pounds a year earlier. Largely as a result of this heavy concentrate feeding, production per cow in the first 5 months of 1963 has increased over the same months in 1962 despite unfavorable weather and relatively low quality of roughages. However, the increase per cow during these 5 months was only 1.6 percent over the same period of 1962. The average annual increase has been about 3 percent since the early 1950's.

Total milk production for 1963 now appears unlikely to exceed the 1962 level of 125.9 billion pounds and may be lower. Output during the first 5 months of 1963 was 53,864 million pounds, compared with 54,364 million a year earlier and only 177 million pounds above the same months of 1961, when milk production for the year totaled 125.4 billion pounds.

For the remaining months of 1963, production would have to average 0.7 percent above year-earlier levels to make this year's total equal 1962.

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MILK IN MANUFACTURED PRODUCTS DOWN 4.5 PERCENT

The Dairy Situation, Economic Research Service
USDA, June 1963

Total milk used for manufactured products during the first 4 months of 1963 was 4.5 percent under the amount used in the same period last year. During the same time, milk available for other uses — chiefly fluid products — was up about 1.5 percent. These changes reflect the approximately 1 percent decline in milk production in January-April from a year earlier, and an increase of approximately 1½ percent in sales of fluid milk products reported for State and Federal order markets.

The decline in the amount of milk used for manufacturing is showing up primarily in a decrease in butter production. Butter output for January-May 1963 averaged 9 percent below production a year earlier. In early June the decline from a year earlier amounted to about 7 percent compared with 9 percent in May.

American cheese production, which had been 2 percent below a year earlier during the first 3 months of 1963, rose to 3 percent above in April and in May was about the same level as a year earlier. The relatively small decline in cheese production, compared with butter, marks a shift of milk from butter-powder to cheese, as a result of the reduced level of stocks compared with a year ago and the new CCC purchase prices of cheese for 1963-64, 1 cent above the

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

June 1963	May 1963	June 1962
\$3.54	\$3.45	\$3.45
3.895	3.805	3.805
4.18	4.09	4.12
3.803	3.705	3.769
3.611	3.603	3.552
2.991	2.983	2.932
7.1¢	7.1¢	7.1¢
67.1	66.8	64.4
66.4	64.7	64.4
7.1	7.2	8.0
2.2	2.1	2.4
5.2	4.0	4.6
7.6	6.9	6.4
20.6	22.0	23.0
23.8	26.3	26.8
38,916,958	43,626,535	34,859,645
870,562	939,497	748,060
1,361	1,378	1,313
953	1,021	885
3.59	3.68	3.61
\$1,533,464.52	\$1,709,223.31	\$1,346,549.45
\$262.90	\$280.08	\$239.30
25,188,747	28,085,726	21,631,695
928,113	1,038,672	810,117
26,116,860	29,124,398	22,441,812
2,712,724	3,119,449	2,775,736
31,349	32,810	30,552
2,744,073	3,152,259	2,806,288
286,166	318,337	279,286
5,278	4,987	5,726
10,916	16,480	11,410
10,497	12,335	11,122
8,216	6,185	8,646

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

☆ JUNE, 1954 - '63

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1954	25,666,979	3.80	61.9	7.1	16.3	14.7	3.35	4.106	3.706	3.206	3.029	2,163	396
1955	26,831,726	3.72	62.7	7.2	12.8	17.3	3.48	4.209	3.809	3.312	3.133	2,081	430
1956	28,016,984	3.73	61.6	8.3	12.4	17.7	3.86	4.811	3.951	3.382	3.205	2,049	456
1957	27,823,794	3.64	66.3	7.4	15.3	11.0	3.71	4.392	3.992	3.492	3.068	1,905	487
1958	27,893,568	3.66	64.2	7.0	9.9	18.9	3.40	4.069	3.669	3.269	2.847	1,816	512
1959	29,782,303	3.64	69.8	7.9	4.0	18.3	3.62	4.307	3.907	3.493	2.873	1,760	564
1960	29,844,239	3.69	68.3	7.5	3.3	20.9	3.53	4.208	3.808	3.506	2.886	1,657	600
1961	31,252,379	3.62	64.1	7.7	3.7	24.5	3.68	4.363	3.963	3.780	3.160	1,242	839
1962	34,859,645	3.61	64.4	8.0	4.6	23.0	3.45	4.12	3.769	3.552	2.932	1,313	885
1963	38,916,958	3.59	67.1	7.1	5.2	20.6	3.54	4.18	3.803	3.611	2.991	1,361	953

Improving Economy Associated With Consumption Gains

The Dairy Situation, Economic Research Service USDA, June 1963

Economic conditions in 1962 improved generally over 1961 and this year is showing further gains. Per capita disposable income was up about 4 percent in 1962 over 1961 and in the first quarter of 1963 was about 3 percent above a year earlier. These improvements are reflected in gains in fluid milk and cream consumption from commercial sources. Based on first quarter data, sales of fluid milk and cream are gaining about 1½ percent over a year earlier, about the same as the population gain. While total consumption of fluid milk is increasing this year, it is expected that the downtrend will continue in use of milk on farms where produced. This decline may be large enough to cause lower national per capita consumption of fluid milk and cream in 1963 than in 1962.

First quarter data for dairy products, including fluid milk and cream as well as major manufactured products, indicate there may be a moderate gain in consumption from commercial sources in 1963, but probably not sufficient to reach the 1960 level.

For the first 3 months of 1963, commercial disappearance of major manufactured dairy products was 0.1 percent above the same period of 1962. This was due to a slight improvement, about 0.2 percent, in the commercial disappearance of butter and an increase of more than 4 percent in use of cheese from commercial sources. This increase brought commercial disappearance of cheese during the first quarter above the 1961 level for the same period.

The use of evaporated milk from commercial sources continued down-

ward, dropping 8 percent in the first quarter of 1963 below commercial use a year earlier. Disappearance of dry whole milk in the first quarter was sharply under last year's high level, and 2.5 percent below the first quarters of 1959-61. Use of nonfat dry milk from commercial sources increased 12 percent above the first quarter of 1962 but still was 7.2 percent below the same period of 1961.

Preliminary reports for the first quarter of 1963 indicate that domestic distribution of CCC supplies in welfare and school lunch programs was slightly under 1962 levels. If this continues the rest of the year it will partially offset the gains in commercial consumption and cause the slight decline expected in per capita consumption of milk in all dairy products to become more substantial.

Farmers Prices Decline Seasonally

The Dairy Situation, Economic Research Service USDA, May 1963

Prices farmers received for milk and cream during the first quarter of 1963 were slightly below those in the first quarter of 1962, reflecting the 29-cent lower level of price supports for manufacturing grade milk.

The price of all wholesale milk averaged 13 cents lower, with declines below last year roughly the same for manufacturing grade milk, milk eligible for fluid use, and milk used for bottling purposes.

In March, the price farmers re-

ceived for all wholesale milk averaged \$4.03 per 100 pounds compared with \$4.16 in March 1962; manufacturing grade milk was \$3.17 compared with \$3.28 in 1962; milk eligible for the fluid market, \$4.47 compared with last year's \$4.62; and milk used for bottling (3.5 percent milkfat) \$5.28 compared with \$5.41 last year.

The March price for all wholesale milk was the lowest March price since the \$3.97 received in 1956 and

was 9 cents under the 1957-59 average of \$4.12.

The manufacturing grade milk price was at the 1957-59 average, but was lowest for the month since 1959. The low March level of the price for all wholesale milk reflects decreasing prices paid for milk used for bottling. These lower prices have caused the prices farmers receive for milk eligible for the fluid market, a component of all wholesale prices, to fall to their lowest level since 1956.

Milk Equivalent Of CCC Purchases One-Fourth Less Than 1962

The Dairy Situation, Economic Research Service
USDA, June 1963

CCC purchases (delivery basis) from January through May in terms of milk equivalent were about 72 percent of purchases in the same period of 1962, amounting to 4.7 billion pounds milk equivalent compared with 6.5 billion in 1962. During the same period, purchases of nonfat dry milk were about 18 percent under a year earlier, amounting to 560 million pounds compared with 684 million.

Butter purchases during this period were approximately 17 percent below January-May levels. Cheese deliveries were 78 percent lower.

CCC purchases during the first 5 months of 1963 were about 50 percent above the 1961 level of these months. In 1961 CCC purchased 7.9 billion pounds of milk equivalent. While milk production in June may reach 1962 levels, and the current rate of CCC purchasing is near a year ago, it is possible that CCC purchases in 1963 will be below 9.0 billion pounds milk equivalent. While this would be a substantial drop from 10.6 billion pounds last year, it still would be the third largest annual purchase by CCC, exceeded only in 1962 and by the 10.3 billion pounds in 1953.

MILK DOWN 4.5 PERCENT . . .

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1962-63 marketing-year levels. CCC purchase prices for butter and nonfat dry milk were maintained without change.

Production of evaporated milk in the early months of 1963 was above a year earlier, dipped below in March, but in April exceeded last April by 7 percent. January-April 1963 production of condensed milk (case goods) and dry whole milk were 8 and 4 percent, respectively, above a year earlier, but the total increase in milk used in these products was relatively small, only amounting to about 12 million pounds. Ice cream production the first 4 months of this year gained 2 percent over a year earlier. Nonfat dry milk output in January-April was 4 percent under the same months of 1962, although production in April was 2 percent above April 1962 and a new record for the month.

MILK PRODUCTION . . .

(Continued from Page One)

Assuming that cow numbers fall 400,000 in 1963, equalling last year's production would require more than a 3 percent gain in production per cow for the rest of 1963. Gains of more than 4 percent from a year earlier (172 pounds per cow) were reached in the last half of 1961. While this is possible for the remainder of 1963, conditions now are less favorable for increased milk production than in 1961. In the early months of that year, rising output was checked by unfavorable pasture development. In June, however, pasture conditions improved and were excellent for the rest of 1961. This year production in all months has been below a year earlier, cow numbers are falling nearly 4 times as fast as in 1961, and the milk-feed and milk-beef price ratios are less favorable.

Market Quotations

JUNE
1963

MINNESOTA - WISCONSIN PRICE SERIES	\$3.08
MIDWEST CONDENSERIES 3.5% per Cwt.	2.964
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.111
Average Weekly Cheddars price per lb.3400
Average price per lb. 92-score butter at Chicago5797
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1404

THE

Market Administrator's BULLETIN

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